# **Explanatory Statement**

# Reissuance of Australian Accounting Standards that incorporate International Financial Reporting Standards

August 2015



#### EXPLANATORY STATEMENT

# Reissuance of Australian Accounting Standards that incorporate International Financial Reporting Standards

Australian Accounting Standards that apply to annual periods beginning on or after 1 January 2005 incorporate International Financial Reporting Standards (IFRSs), which comprise both Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB). The adoption of IFRSs in Australia is in accordance with a strategic direction made by the Financial Reporting Council (FRC).

Most of the Australian Accounting Standards that incorporate IFRSs have been reissued by the Australian Accounting Standards Board (AASB) as new principal versions. The Standards reissued are listed in the Appendix. All of these Standards replace previous versions of the Standards and are the same in substance as those previous versions.

All of these Standards have been reissued to incorporate editorial corrections and minor clarifications. The editorial corrections and clarifications remove unnecessary punctuation and other editorial differences in comparison with the text of IFRSs, so that the incorporation of future IASB amendments into Australian Accounting Standards by the AASB (subject to the AASB's usual extensive due process) will be a much easier process in editorial terms.

The reissued Standards have a range of application (effective) dates, from annual periods beginning on or after 1 January 2016 to annual periods beginning on or after 1 January 2018. The application date is specified in each Standard. The application date for each Standard reflects the application date of the latest-applying amendments made to the previous version of the Standard.

Earlier application of any Standard is permitted for certain limited periods, as set out in each Standard, subject to any early application requirements specified in the Standard.

### **AASB 1057**

In conjunction with the reissuance of those Standards, the AASB has also issued a new Standard, AASB 1057 *Application of Australian Accounting Standards*. Australian Accounting Standards (and Interpretations) are to be applied by:

- (a) entities required by the *Corporations Act 2001* to prepare financial reports;
- (b) governments in preparing financial statements for the whole of government and the General Government Sector (GGS); and/or
- (c) entities in the private or public for-profit or not-for-profit sectors that are reporting entities or that prepare general purpose financial statements.

AASB 1057 lists (without change) the application paragraphs for each other Standard and Interpretation, grouped where they are the same. Accordingly, paragraphs 5 and 22 of AASB 1057 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible. The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.

At the same time, those application paragraphs have been removed from the Standards reissued by the AASB. This approach will facilitate any changes to the application of Standards to entities and to general purpose financial statements that the AASB might make in the future, as such changes would then require amendments to AASB 1057 rather than the individual Standards.

AASB 1057 applies to annual periods beginning on or after 1 January 2016. Earlier application is permitted.

#### Consultation

Public consultation was carried out in developing the previous versions of the Standards, including amendments to them through amending Standards. Since all of the reissued Standards and AASB 1057 are the same in substance as the previous versions of the Standards, no specific consultation has been required in relation to the reissuance of the Standards and the issuance of AASB 1057.

A Regulation Impact Statement has not been prepared in connection with the issuance of these Standards as the amendments made are of a minor or machinery nature.

### **Statement of Compatibility with Human Rights**

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

## Reissuance of Australian Accounting Standards that incorporate International Financial Reporting Standards

### **Overview of the Accounting Standards**

The reissued Accounting Standards replace previous versions of the Standards and are the same in substance as those previous versions. The reissued Standards are all Standards that incorporate the requirements of International Financial Reporting Standards (IFRSs). The Standards have been reissued to incorporate editorial corrections and clarifications to remove unnecessary punctuation and other editorial differences in comparison with the text of IFRSs, so that the incorporation of future IASB amendments into Australian Accounting Standards by the AASB (subject to the AASB's usual extensive due process) will be a much easier process in editorial terms.

The one new Standard, AASB 1057 Application of Australian Accounting Standards, lists the application paragraphs for each other Australian Accounting Standard (and Interpretation), grouped where they are the same, without changing the application of those pronouncements to entities or to general purpose financial statements. At the same time, those application paragraphs have been removed from the Standards reissued by the AASB. This approach will facilitate any changes to the application of Standards to entities and to general purpose financial statements that the AASB might make in the future, as such changes would then require amendments to AASB 1057 rather than the individual Standards

### **Human rights implications**

The Standards are issued by the AASB in furtherance of the objective of facilitating the Australian economy. They do not diminish or limit any of the applicable human rights or freedoms, and thus do not raise any human rights issues.

#### Conclusion

The Standards are compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

### **Appendix**

### **Reissued Australian Accounting Standards that incorporate IFRSs**

AASB 1 First-time Adoption of Australian Accounting Standards

AASB 2 Share-based Payment

AASB 3 Business Combinations

**AASB 4** Insurance Contracts

AASB 5 Non-current Assets Held for Sale and Discontinued Operations

AASB 6 Exploration for and Evaluation of Mineral Resources

AASB 7 Financial Instruments: Disclosures

AASB 8 Operating Segments

AASB 10 Consolidated Financial Statements

AASB 11 Joint Arrangements

AASB 12 Disclosure of Interests in Other Entities

AASB 13 Fair Value Measurement

AASB 101 Presentation of Financial Statements

AASB 102 Inventories

AASB 107 Statement of Cash Flows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 110 Events after the Reporting Period

AASB 112 Income Taxes

AASB 116 Property, Plant and Equipment

AASB 117 Leases

AASB 119 Employee Benefits

AASB 120 Accounting for Government Grants and Disclosure of Government Assistance

AASB 121 The Effects of Changes in Foreign Exchange Rates

AASB 123 Borrowing Costs

AASB 124 Related Party Disclosures

AASB 127 Separate Financial Statements

AASB 128 Investments in Associates and Joint Ventures

AASB 129 Financial Reporting in Hyperinflationary Economies

AASB 132 Financial Instruments: Presentation

AASB 133 Earnings per Share

AASB 134 Interim Financial Reporting

AASB 136 Impairment of Assets

AASB 137 Provisions, Contingent Liabilities and Contingent Assets

AASB 138 Intangible Assets

AASB 139 Financial Instruments: Recognition and Measurement

AASB 140 Investment Property

AASB 141 Agriculture

### Other Australian Accounting Standard issued

AASB 1057 Application of Australian Accounting Standards